

## SETTLEMENT AGREEMENT

This Settlement Agreement is entered between the United States Department of Housing and Urban Development ("HUD") and Transamerica Corporation (including, without limitation, its parents, the direct and indirect subsidiaries and affiliates of it and its parents, and its affiliates Transamerica Flood Hazard Certification, Inc. and Transamerica Real Estate Tax Service, Inc.) (collectively, "Transamerica"). HUD and Transamerica together shall be referred to herein as the "Parties".

**Whereas**, Section 8(a) of the Real Estate Settlement Procedures Act ("RESPA"), 12 USC Sec. 2607(a), requires that "[n]o person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person";

**Whereas**, pursuant to referrals from Federal regulatory agencies, HUD has instituted an inquiry and investigation into certain practices of providers of flood and/or tax realty settlement services, including Transamerica and its flood and tax realty settlement services affiliates, in contracting to provide flood and/or tax realty settlement services;

**Whereas**, Transamerica has provided HUD with information concerning, among other things, the number of orders for flood settlement services obtained in connection with certain contracts to provide flood settlement services;

**Whereas**, as a result of its inquiry and investigation, HUD asserts that it has determined that Transamerica has entered into contracts with Lenders, as defined below, which violate Section 8(a) of RESPA;

**Whereas**, Transamerica does not admit that such contracts and any orders received as a result of such contracts violated Section 8(a) of RESPA;

**Whereas**, the Parties desire to resolve any and all RESPA issues arising from "Portfolio Review Services" and "Monitoring Services," as defined below;

**Whereas**, the Parties are also interested in: (a) educating the public about the need for flood and tax realty settlement services, and the relevant RESPA compliance requirements; and (b) clarifying, and informing settlement

service providers and their customers about, the scope of Section 8 of RESPA as it pertains to the actions of settlement service providers, including Transamerica;

**Whereas**, this Settlement Agreement shall not constitute an admission of liability or fault by any of the Parties hereto;

**Whereas**, the Parties desire to avoid further expense and proceedings and to reach a mutually satisfactory resolution of this matter by entering into this Settlement Agreement;

**Whereas**, the terms set forth in this Settlement Agreement are an appropriate disposition of this matter and in the public interest;

**NOW, THEREFORE**, in consideration of the mutual promises and representations set forth herein, and in further consideration for HUD's reliance upon the substantial accuracy and good faith of Transamerica's representations and submissions concerning the number of orders for flood settlement services received by Transamerica from certain customers identified by Transamerica during HUD's investigation of this matter, the Parties hereby agree and intend to be legally bound by the following:

1. Definitions

(a) "Lender" means a bank, credit union, mortgage company or other entity and/or any subsidiary or affiliate of the foregoing that has contracted with Transamerica to obtain flood and/or tax realty settlement services.

(b) "Special Flood Hazard Area" means a special flood hazard area as designated by the Federal Emergency Management Agency.

(c) "Portfolio Review Services" means the examination of a Lender's existing loan portfolio (i) to determine if any of the loans are secured by Real Property located in a Special Flood Hazard Area, and/or (ii) to determine if there are any prior tax delinquencies on real property securing any such loans.

(d) "Monitoring Services" means the monitoring of a Lender's loan portfolio, for the life of each loan therein, (i) for any change in a Special Flood Hazard Area that results in real property formerly excluded from such an area being included, or in real property formerly included being excluded, and/or (ii) in order to report and assist in the payment of tax amounts and/or report future tax delinquencies that may arise with respect to real property securing any such loan.

(e) "Free or Below Cost" means providing a service for no charge or for a charge that is below Transamerica's "actual marginal cost" for such service ("actual marginal cost" means the actual cost of providing the service without including any share of those costs Transamerica would otherwise incur if the service in question was not provided).

(f) "Effective Date" means the date this Settlement Agreement has been signed by all the Parties hereto.

2. Future Activities. The Parties agree as follows with regard to services that Transamerica might provide to Lenders on or after the Effective Date.

(a) Transamerica believes it has complied with RESPA in the past and agrees to continue to comply with all provisions of RESPA and its implementing regulations.

(b) Transamerica agrees not to engage in any Portfolio Review Services for Free or Below Cost when there is an express or implied link between the providing of such services and the future referral of business.

(c) Transamerica may assume responsibility for providing Monitoring Services to a Lender, which services were previously provided by another settlement service provider, without charging the Lender a fee for the assumption or providing of such services, and such assumption and providing of services in accordance with all the terms, conditions, and provisions of this Settlement Agreement shall not be a violation of RESPA.

(d) Notwithstanding the foregoing subparagraph, with regard to any such assumption, the Parties agree that if a Lender makes a payment to Transamerica for services for new loans that is higher than the payment that was made by the Lender or the Lender's borrowers (whichever is greater) for the same service (with regard to service level, geography, volume patterns and adjustments for inflation) immediately prior to such assumption, HUD reserves the right to investigate such practice, pursuant to 24 CFR 3500.14(g)(2), and to take appropriate action if it determines the practice violates RESPA.

(e) Notwithstanding the foregoing subparagraphs (b) and (c), HUD also affirms that nothing in this Settlement Agreement is intended to release any settlement service provider (other than Transamerica) or any Lender from liability for actions they took prior to Transamerica assuming responsibility for Monitoring Services previously provided by another settlement service provider. In such a case, HUD reserves the right to pursue claims against the prior settlement service provider and/or Lender for any violations of Section 8 of

RESPA, including, but not limited to, the reasonableness of the prior settlement service provider's fees for any flood and tax realty settlement services.

3. Notification to Lenders. Within thirty (30) days after the Effective Date, Transamerica will send a letter to all customers of Transamerica that received a Free or Below Cost Portfolio Review pursuant to a current contract with Transamerica entered into on or after January 1, 1994, which contract does not permit them to terminate such contract within 90 days or less. After sending such letters, Transamerica will verify in writing to HUD that the letters have been sent. Such letters shall include at least the following information and notifications:

(a) The letter will state HUD's position that a contract under which a service provider agrees to conduct portfolio reviews for no or a reduced fee in exchange for the referral of future business represents an agreement to refer business in exchange for a thing of value and is a violation of Section 8(a) of RESPA.

(b) The letter will state that any such provision described in subparagraph (a) above shall be deemed deleted from the Lender's contract with Transamerica.

(c) The letter will state that the terms listed in subparagraphs (a) and (b), above, are memorialized in an agreement between Transamerica and HUD and that, because of this agreement with Transamerica, HUD has agreed (i) to waive any claim it might have against a Lender for receipt of Free or Below Cost Portfolio Review Services and/or Monitoring Services from Transamerica before the Effective Date, and (ii) that it will notify all relevant federal agencies of such waiver.

4. Settlement Payment. Within twenty (20) business days of the Effective Date, Transamerica shall make contributions totaling \$500,000.00 (five hundred thousand dollars) to non-profit organizations as designated by HUD and that are exempt from taxation under § 501(c)(3) of the Internal Revenue Code. The amounts contributed to each non-profit organization will be as designated by HUD and will be for consumer housing counseling, education or other charitable purposes. Such payments shall be separate and apart from any other charitable contributions previously made or pledged by Transamerica. The Parties agree that the payments shall not be deemed any type of fine or penalty or made as compensation for amounts paid by Lenders or customers of Lenders in connection with settlement services. The Parties understand that the payments shall be used for purposes of educating the public about the need for flood and tax realty settlement services and about compliance with RESPA. Transamerica shall

provide copies of all checks and all correspondence regarding payments and disbursements which are made in compliance with this paragraph to: Ivy Jackson, Acting Director RESPA/ILS, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Room 9146, Washington, DC 20410-0500. An additional payment of \$113,000 (one-hundred-thirteen thousand dollars) shall be made within twenty (20) business days of the Effective Date payable to the United States Treasury for administrative expenses incurred in connection with the investigation of the subject matter of this Settlement Agreement and for costs incurred in monitoring compliance with this Settlement Agreement.

5. Releases.

(a) Transamerica waives and releases any and all claims directly or indirectly against HUD and HUD employees with respect to HUD's investigation of Portfolio Review Services and Monitoring Services on the part of Transamerica.

(b) HUD waives and releases any and all claims, directly or indirectly, against Transamerica (and/or any Transamerica employee, officer, director, agent or representative who could have liability under Section 8 of RESPA) with respect to the Portfolio Review Services and Monitoring Services that have occurred between January 1, 1994 and the Effective Date of this Settlement Agreement, and claims against Transamerica related to the instant investigation. The claims released hereunder include, without limitation, claims for costs, fees, expenses, damages, penalties and wrongfully obtained profits and claims based in law or equity. However, HUD does not release, waive or abandon any cause of action or claim against Transamerica that may arise should it be discovered that information requested by HUD that should have been provided in furtherance of the instant investigation was withheld, in bad faith, on the part of Transamerica. HUD gives Transamerica the benefit of the foregoing release by relying on the substantial accuracy and good faith of Transamerica's representations and submissions concerning the number of orders for flood settlement services received by Transamerica from certain customers, identified by Transamerica, during HUD's investigation of this matter.

6. Transamerica's Customers. With respect to any Lenders that are or were customers of Transamerica and that received a Free or Below Cost Portfolio Review from Transamerica pursuant to a contract entered into on or after January 1, 1994 ("Reviewed Customers"), and that have not previously entered into a settlement agreement with HUD settling alleged Section 8(a) RESPA violations, HUD agrees not to commence or continue any investigation or enforcement action against any such Lender for violations of Section 8(a) due to a contract for Portfolio Review Services or Monitoring Services with Transamerica.

Transamerica agrees that within thirty (30) business days after the Effective Date, Transamerica shall provide HUD with a list of all Reviewed Customers. This Settlement Agreement does not confer any rights or duties on any Transamerica customer that has previously entered into a settlement agreement with HUD settling Section 8(a) claims arising from the customer's business relationship with Transamerica.

7. Notification to Other Federal Agencies. HUD will notify other federal regulatory agencies of this Settlement Agreement and HUD's resolution of this matter with respect to Transamerica and Reviewed Customers.

8. Reviewed Customers List is Confidential and Proprietary. The list of Reviewed Customers, to be provided by Transamerica to HUD pursuant to paragraph 6 of this Settlement Agreement, is a confidential and proprietary list of important Transamerica customers or former customers. Such list shall be appropriately marked and maintained so that it is subject to the maximum protections against public disclosure allowed under federal law.

9. Publicity of Settlement. Should HUD decide to publicize this Settlement Agreement, HUD will provide Transamerica a copy of any press release or other disclosure at the time the disclosure is made.

10. Attorneys' Fees and Costs. Each of the Parties shall bear its own attorneys' fees and costs.

11. Effect of Settlement Agreement. Except as provided for herein, this Settlement Agreement does not confer any rights on persons or entities that are not parties to this Settlement Agreement. This Settlement Agreement shall inure to the benefit of, and shall be binding upon, each of the Parties and their respective predecessors, successors, directors, officers, employees, agents, representatives and assigns. This Settlement Agreement may not be altered, amended or otherwise changed except by a writing duly executed by each Party or the authorized representative of each Party.

12. Authority to Sign. Each signatory to this Settlement Agreement certifies by signing that he or she is fully authorized by the named party he or she represents to accept the terms and provisions of this Settlement Agreement in their entirety, and that upon execution of this Agreement, he or she binds the Party for which he or she has signed.

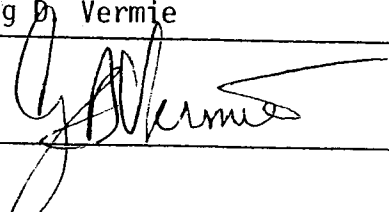
13. Counterparts. This Settlement Agreement may be signed in counterparts which, when taken together, shall constitute a single agreement.

WHEREFORE, the Parties hereto have duly executed this Settlement Agreement.

DATE: 11/6/01

TRANSAMERICA CORPORATION  
(including Transamerica Flood Hazard  
Certification, Inc. and Transamerica  
Real Estate Tax Service, Inc.)

By: Craig D. Vermie

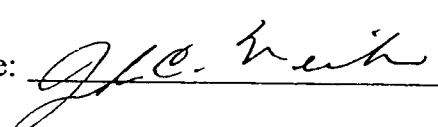
Signature: 

Title: VP, Secretary & General Counsel

DATE: 11/14/01

UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN  
DEVELOPMENT

By: John C. Weicher

Signature: 

Title: Assistant Secretary for Housing-  
Federal Housing Commissioner

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